

26-51-306. Compensation and benefits from military service.

(a) (1) (A) For tax years beginning before January 1, 2007, no member of the armed services of the United States shall be liable for or required to pay any income tax on the first six thousand dollars (\$6,000) of service pay or allowances.

(B) (i) For tax years 2005 and 2006, enlisted personnel of the armed services of the State of Arkansas or of the United States shall not be liable for or required to pay any income tax on the first nine thousand dollars (\$9,000) of service pay or allowances.

(ii) For tax years 2005 and 2006, an officer or a warrant officer of the armed services of the State of Arkansas or of the United States is only entitled to the exemption in subdivision (a)(1)(A) of this section and is not entitled to the exemption in subdivision (a)(1)(B)(i) of this section.

(C) For tax years beginning on and after January 1, 2007, any member of the armed services of the State of Arkansas or the United States is not liable for or required to pay any income tax on the first nine thousand dollars (\$9,000) of service pay or allowance.

(2) The compensation and benefits are declared exempt, to the extent of the amounts provided in subdivision (a)(1) of this section, from the state income tax.

(3) All service pay or allowances of members of the armed services of the State of Arkansas or the United States in excess of the amounts provided in subdivision (a)(1) of this section shall be subject to the state income tax, unless otherwise provided for in this section.

(4) (A) Sections 112 and 692 of the Internal Revenue Code of 1986, as in effect on January 1, 2007, regarding combat zone compensation of members of the armed forces and income taxes of members of the armed forces on death are adopted.

(B) The provisions contained in § 112 of the Internal Revenue Code are in addition to all other provisions contained in this section.

(b) Nothing in this section shall exempt from taxation the income of members of the armed services derived from other sources than their service pay and allowances.

(c) As used in this section, “armed services” means any and all members of the National Guard, reserve components of the armed forces, United States Army, Navy, Marine Corps, Coast Guard, Air Force, and any and all other branches of the military and naval forces or auxiliaries.

History. Acts 1943, No. 61, §§ 1-3; 1971, No. 226, § 1; 1973, No. 587, § 1; A.S.A. 1947, §§ 84-2009 — 84-2011; Acts 1989 (3rd Ex. Sess.), No. 27, § 2; 1991, No. 386, § 1; 1997, No. 951, § 19; 2005, No. 29, § 1; 2005, No. 2187, § 2; 2007, No. 160, § 1; 2007, No. 218, § 11.